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18 OCT 1961

MEMORANDUM FOR: Director of Central Intelligence**SUBJECT: Position of the Director of Central Intelligence
in the Governmental Hierarchy**

1. This memorandum contains a recommendation submitted for approval of the Director of Central Intelligence. Such recommendation is contained in paragraph 6.
2. I suggest that this would be an appropriate time for you to consider action to adjust the position of the Director of Central Intelligence in the over-all Government structure. I have reference solely to the relative placement of the Director of Central Intelligence on the roll of Federal executives.
3. It is unnecessary for me to attempt to discuss the importance of the role of the Director of Central Intelligence and his intimate relationship with the President, the National Security Council, the Secretary of Defense, the Secretary of State, the Chairman of the Joint Chiefs of Staff and others. With a new Director of Central Intelligence already selected by the President, any recommendations that you might have would be free from personal connotations.
4. The basic statute establishing relative positions is the Federal Executive Pay Act of 1956 (FEPA). There has been no general amendment to that Act nor have the salary scales established therein been adjusted. On the other hand, there have been items of legislation which have changed relative positions in certain cases.

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For example, the Director of ICA was in the same category as the Director of Central Intelligence (Category IV of FEPA) but was shifted upward to a rank of Under Secretary of State in Category II and the new Administrator of AID is placed in Category II. Further, there have been several salary increases in the Government generally as well as in the Foreign Service and the Military pay structures which contributed substantially to an imbalance of FEPA salaries within the already out of balance total Government compensation structure. For ready reference there is attached as Appendix "A" a compilation of pay groups beginning at \$20,000 per annum. I have indicated within each salary group the FEPA categories.

5. Recognizing that compensation is not the sole measure of a Federal official's position in the hierarchy as to either prestige, responsibility or authority, nevertheless, his relative placement among Federal executives has significance. While I have set up the various pay groups for comparison purposes on the basis of annual compensation, I do not believe it appropriate that an approach to the adjustment of the Director of Central Intelligence's position should be done on a dollar basis. As indicated previously, salary increases for the Military and for Foreign Service have been enacted but FEPA remains the basic statute in which the relative positions of Federal executives are established. There have been several studies concerning revision of executive pay scales and it is certain the Administration will be making recommendations on this subject to the Congress in the coming year. It is to be assumed that whatever action is taken will establish a proper level of compensation for Federal executives but the specific amount of that compensation is not the issue in adjusting the position of the Director of Central Intelligence. Therefore, the basic approach should be to place the Director of Central Intelligence's position in the proper category of FEPA relative to other Federal executives.

6. Although there has been one position equated to Category I of FEPA other than the 10 cabinet officers, i.e., the Director of the Office of Emergency Planning (formerly Director of OCEM), it is not believed appropriate or desirable that the Director of Central Intelligence should be so placed. A review of Categories II and III would indicate the Director should be placed in Category II which includes the Under Secretary of State and Deputy Secretary of Defense. Legislation enacted since 1956 has placed in that category the Administrator of

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NASA, the Director of Arms Control and Disarmament Agency, and the Administrator of AID. It is interesting to note that in 1957 the Chairman of the Atomic Energy Commission was placed in Category II just a year before Mr. McCone was nominated to that position. Therefore, it is recommended that you approve action being taken to explore placement of the position of the Director of Central Intelligence in Category II and placement of the position of the Deputy Director of Central Intelligence in Category III.

7. There remains for consideration the question of how to accomplish this. Certainly considerable exploratory work should be done before submission of appropriate legislation to the Bureau of the Budget under the routine process.

a. The normal method would be to draw up an amendment to the existing legislation, i. e., FEPA. However, this has definite drawbacks in that it would throw consideration of the proposed legislation into the Post Office and Civil Service Committees and would tend to open Pandora's box to other agencies and individuals seeking adjustments.

b. Another possibility would be to insert appropriate provisions in other proposed legislation to be considered by the Armed Services Committees. This could be explored carefully with the Department of Defense.

c. A third method would be to make provision for this adjustment in other necessary legislation directly relating to CIA and thus having it considered by the two Armed Services Committees. There are some minor administrative amendments which are desirable and which could be used as a vehicle for this.

8. The various methods outlined above should be quietly explored while other spadework is going forward which should include discussions with General Taylor and possibly the Chairmen of the two Armed Services Committees. It is known, for example, that Senator Russell was surprised at learning the low rate of pay received by the Director of Central Intelligence upon reading the recent announcements concerning the appointment of Mr. McCone. It is believed Senator Russell would strongly support an upward adjustment as would Mr. Vinson.

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9. If the Administration presents in the next session of Congress a general plan for adjustments of salaries for Federal executives it is possible that this too could be a method of procuring an adjustment of relative position for the Director of Central Intelligence. However, this has the obvious danger of getting caught in the general shuffle for position and it would seem preferable to seek an earlier adjustment through other legislation.

10. For general background and to demonstrate the imbalance of the over-all Government pay structure, it is pointed out that each of the Joint Chiefs receives compensation of \$29,126 per annum and Ambassadors of Class 1 Missions receive \$27,500 per annum, while the top category under FEPA, that is the 10 cabinet positions, remains at \$25,000 per annum. It is interesting to note that at the time of the passage of FEPA there were 18 individuals in the first three categories under FEPA with the Director of Central Intelligence's position falling into Category IV and today there are approximately 150 positions in Government with compensation in excess of the salary provided for Category IV under FEPA.

11. As a further example, it is of interest to compare compensation and responsibilities of the Director of Central Intelligence with those of the Joint Chiefs of Staff. The Director of Central Intelligence is the principal adviser to the President and the National Security Council on intelligence matters affecting the national security. The Joint Chiefs of Staff by law are the principal military advisers to the President, the National Security Council, and the Secretary of Defense on military matters. The Director of Central Intelligence is in the \$21,000 per annum category and the Chairman of the Joint Chiefs of Staff, the Chiefs of Staff of the Army and Air Force, Chief of Naval Operations, and the Commandant of the Marine Corps each receives total pay and allowances of \$29,126 per annum.

12. If you agree that there should be an upward adjustment in the positions of the Director of Central Intelligence and the Deputy Director of Central Intelligence, it would seem most appropriate that you take a strong position on this in any recommendations or final report you might be making to the President upon leaving office.

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Attachment
Appendix "A"

concur
CPC
DDCI

JOHN S. WARNER
Legislative Counsel

10/14/61

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The recommendation in paragraph 6 is approved.

21 OCT 1961

Date



ALLEN W. DULLES
Director

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